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DPS-1904
Copy of 11

3 July 1958

TO ALL SUPPLIERS:

SUBJECT: Transportation Claims

1. This letter is written to clarify the procedure for effecting headquarters payment of transportation costs in connection with all contracts on an F.O.B. origin basis excepting those for technical representatives.
2. In most instances, the F.O.B. origin contracts do not provide by line item for reimbursement of transportation costs nor does the total consideration include an amount for transportation costs.
3. It is requested that you submit your estimate of transportation costs for each F.O.B. origin contract. This estimate should cover completed shipments as well as those shipments still to be effected. This information should be set forth in the following manner:

Contract No.
Estimated amount by Government Fiscal
Year, e.g., 1 July 1956 to 30 June 1957;
1 July 1957 to 30 June 1958, etc.,
indicating actual and anticipated.

Upon receipt of this information, separate funds will be established by Contract No. for transportation costs only. Existing contracts will not be amended solely for inclusion of a line item for transportation costs. In the event amendments are required for other matters then and only then, will a transportation provision be reflected in the contract.

4. In submitting invoices for equipment deliveries under F.O.B. origin contracts, it is requested that the transportation cost for same be billed simultaneously on the invoice as a separate item and that the invoice be substantiated with the paid transportation document. Payment of the transportation cost delivering the end item to the Government will be expensed against the transportation funds rather than against the equipment consideration. In the event the transportation claim cannot be billed simultaneously with the equipment claim then subsequent billings for transportation must be cross-referenced to the equipment shipment in order that acknowledgment of the shipment may be substantiated by a review of the receiving information attached to the equipment claim. In the event your equipment packing list or shipping document does not show the bill of lading, express, airline, etc. document number it will be necessary to include same thereon in order to effect a cross reference.

5. On proposals for future requirements where you bid F.O.B. origin please include an estimate for transportation costs. Transportation costs should be estimated on the Government's fiscal year basis in which the shipments would be effected.

6. In the event you effect shipments of a miscellaneous nature which cannot be identified with a particular contract your reply should indicate the nature of the shipments and the actual or an estimate by the Government's fiscal year of the costs involved.

Very truly yours,

Dan